



FOR IMMEDIATE RELEASE
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PHOENIX MAN PLEADS GUILTY TO TAX FRAUD

PHOENIX – John Andrew Jennings, 37, of Phoenix, Arizona pleaded guilty to Filing a False Claim against the United States in connection with an indictment in April of 2006.

The indictment alleged that Jennings electronically filed tax returns for the years 2000 through 2003 for himself, family members, and friends. Each of the tax returns listed fraudulent dividend income from mortgage companies. The tax returns also included fraudulent income tax withholdings on the alleged dividends. As a result of the misstated withholding, each of the taxpayers' returns made a claim for a fraudulent tax refund. The indictment lists \$210,778 as the total amount of filed false claims. Some of the money was paid by the government before the fraud was detected.

The indictment further alleged that in most cases, Jennings arranged to have the refunds electronically deposited into a girlfriend's bank account from which he could get the funds. In other cases, Jennings provided tax documents to his friends who were duped into cooperating with him so that he could receive a portion of the friends' false refunds. He used the fraudulently obtained refunds for his own purposes. In a plea agreement with the government, Jennings pleaded guilty to filing an income tax return for the year 2002 in the name of taxpayer James C. Jennings. He admitted that he knew the tax return falsely reported dividend income in the amount of \$125,000 and income tax withholding of \$ 62,500 from that dividend amount. As a result of the falsely reported dividend withholding amount, the tax return he submitted claimed a false refund in the amount of \$ 23,394.00 due to the taxpayer.

A conviction for Filing a False Claim carries a maximum penalty of five years in prison, a \$250,000 fine or both. In determining an actual sentence, Judge Frederick J. Martone will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence. Jennings is scheduled to be sentenced on January 16, 2007 before Judge Martone

The investigation preceding the indictment was conducted by special agents of the Internal Revenue Service Criminal Investigation. The prosecution is being handled by Richard I. Mesh, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR- 06-0338-PHX-FJM
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